

Subpart D—Administrative Offset

§ 2506.40 Under what circumstances will the Corporation collect amounts that I owe to the Corporation (or some other federal agency) by offsetting the debt against payments that the Corporation (or some other federal agency) owes me?

(a) The regulations in this subpart apply to the collection of any debts you owe to the Corporation, or to any request from another federal agency that the Corporation collect a debt you owe by offsetting your debt against a payment the Corporation owes you. Administrative offset is authorized under section 5 of the Federal Claims Collection Act of 1966, as amended (31 U.S.C. 3716). The Corporation shall carry out administrative offset in accordance with the provisions of the Federal Claims Collection Standards; the regulations in this subpart are intended only to supplement the provisions of the Federal Claims Collection Standards.

(b) The Chief Executive Officer, after attempting to collect a debt you owe to the Corporation under section 3(a) of the Federal Claims Collection Act of 1966, as amended (31 U.S.C. 3711(a)), may collect the debt by administrative offset, subject to the following:

(1) The debt you owe is certain in amount; and

(2) It is in the best interest of the Corporation to collect your debt by administrative offset because of the decreased costs of collection and acceleration in the payment of the debt.

(c) The Chief Executive Officer may initiate administrative offset with regard to debts you owe to another federal agency. The head of the creditor agency, or his or her designee, must submit a written request for the offset with a certification that the debt exists and that you have been afforded the necessary due process rights.

(d) The Chief Executive Officer may request another federal agency that holds funds payable to you to instead pay those funds to the Corporation in settlement of your debt. The Corporation will provide certification that:

(1) The debt exists; and

(2) You have been afforded the necessary due process rights.

(e) No collection by administrative offset will be made on any debt that has been outstanding for more than 10 years unless facts material to the Corporation or a federal agency's right to collect the debt were not known, and reasonably could not have been known, by the official or officials responsible for discovering and collecting the debt.

(f) The regulations in this subpart do not apply to:

(1) A case in which administrative offset of the type of debt involved is explicitly provided for or prohibited by another statute; or

(2) Debts owed to the Corporation by federal agencies or by any State or local government.

§ 2506.41 How will the Corporation request that my debt to the Corporation be collected by offsetting against some payment that another federal agency owes me?

The Chief Executive Officer may request that funds due and payable to you by another federal agency instead be paid to the Corporation in payment of a debt you owe to the Corporation. In requesting administrative offset, the Corporation, as creditor, will certify in writing to the federal agency that is holding funds for you:

(a) That you owe the debt;

(b) The amount and basis of the debt; and

(c) That the Corporation has complied with the requirements of 31 U.S.C. 3716, its own administrative offset regulations in this subpart, and the applicable provisions of the Federal Claims Collection Standards with respect to providing the debtor with due process.

§ 2506.42 What procedures will the Corporation use to collect amounts I owe to a federal agency by offsetting a payment that the Corporation would otherwise make to me?

Any federal agency may request that the Corporation administratively offset funds due and payable to you in order to collect a debt you owe to that agency. The Corporation will initiate the requested offset only:

(a) Upon receipt of written certification from the creditor agency stating:

(1) That you owe the debt;